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WEST ST. MARY PARISH PORT, HARBOR
AND TERMINAL DISTRICT
St. Mary Parish, Louisiana

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-25-07

**WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
ST. MARY PARISH, LOUISIANA**

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INDEPENDENT AUDITORS' REPORT

WEB SITE:
WWW.KCSCRCPAS.COM

The Board of Commissioners
West St. Mary Parish Port,
Harbor and Terminal District
Franklin, Louisiana

We have audited the accompanying financial statements of the business-type activities of the West St. Mary Parish Port, Harbor and Terminal District, as of and for the year ended December 31, 2006, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the West St. Mary Parish Port, Harbor and Terminal District as of December 31, 2006, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2007 on our consideration of the West St. Mary Parish Port, Harbor and Terminal District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Franklin, Louisiana
May 25, 2007

BASIC FINANCIAL STATEMENTS

WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT
STATEMENT OF NET ASSETS
December 31, 2006

ASSETS

Current Assets:

Cash and equivalents	\$ 764,332
Investments	729,962
Receivables:	
Ad valorem taxes	418,497
State revenue sharing	17,126
Due from US Government	-
Due from State of Louisiana	-
Other	39,960
Water system customers	572
Prepaid insurance	6,353
Total current assets	<u>1,976,802</u>

Fixed assets:

Property, plant and equipment	14,317,043
Less accumulated depreciation	<u>(4,981,406)</u>
Net property, plant and equipment	<u>9,335,637</u>
 Total assets	 <u>11,312,439</u>

LIABILITIES

Current Liabilities (payable from current assets):

Accounts payable	\$ 5,314
Accrued expenses	26,357
Deferred revenues	<u>5,500</u>
Total current liabilities (payable from current assets)	<u>37,171</u>
 Total liabilities	 <u>37,171</u>

Net Assets:

Invested in capital assets, net of related debt	9,737,784
Unrestricted	<u>1,537,484</u>
 Total net assets	 <u>\$ 11,275,268</u>

The accompanying notes are an integral part of these statements.

WEST ST. MARY PARISH PORT, HARBOR, AND TERMINAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2006

Operating revenues:	
Rentals	\$ 310,064
Water system revenues	9,214
Intergovernmental - FEMA operating grant	150,589
Other	<u>11,296</u>
Total operating revenues	<u>481,163</u>
Operating expenses:	
Advertising and promotion	10,194
Auto expense	13,076
Depreciation	402,147
Dues and subscriptions	6,542
Employee retirement	12,326
Insurance	91,404
Miscellaneous	779
Office supplies	6,811
Postage	716
Professional fees	69,272
Repairs and maintenance	
Office	5,316
Port site	46,668
Water treatment and distribution system	30,839
Channel dredging	-
Hurricane repairs	69,063
Salaries	122,586
Payroll taxes	8,781
Telephone	5,282
Travel	29,831
Utilities	<u>8,894</u>
Total operating expenses	<u>940,527</u>
Operating loss	<u>(459,364)</u>
Non-operating revenues (expenses)	
Ad valorem taxes	420,288
State revenue sharing	25,494
Interest income	68,721
Gain on sale of land	-
Total non-operating revenues (expenses)	<u>514,503</u>
Change in net assets	55,139
Total net assets, beginning of year	<u>11,220,129</u>
Total net assets, end of year	<u>\$ 11,275,268</u>

The accompanying notes are an integral part of these statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2006

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 325,533
Receipts from other governments	196,368
Payments to suppliers	(366,432)
Payments to employees and related benefits	<u>(169,084)</u>
Net cash provided by operating activities	<u>(13,615)</u>
 Cash Flows from Noncapital Financing Activities	
Ad valorem taxes	421,137
State revenue sharing	<u>25,720</u>
Net cash provided by noncapital financing activities	<u>446,857</u>
 Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of assets	-
Purchases of capital assets	<u>-</u>
Net cash provided by capital and related financing activities	<u>-</u>
 Cash Flows from Investing Activities	
Interest received on investments and interest-bearing deposits	<u>68,721</u>
 Net increase in cash and cash equivalents	501,963
 Cash and cash equivalents, beginning of year	<u>992,331</u>
 Cash and cash equivalents, end of year	<u>\$ 1,494,294</u>

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT
STATEMENT OF CASH FLOWS (Continued)
Year Ended December 31, 2006

Reconciliation of Operating Loss to Net Cash Provided
by Operating Activities:

Operating loss	\$ (459,364)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	402,147
(Increase) decrease in accounts receivable	40,754
(Increase) decrease in prepaid expenses	1,123
Increase (decrease) in accounts payable	1,756
Increase (decrease) in accrued expenses	(31)
Increase (decrease) in deferred revenues	<u>-</u>
Net cash used by operating activities	<u>\$ (13,615)</u>

The accompanying notes are an integral part of these statements.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

INTRODUCTION

The District was established in 1974 by Act of the Louisiana legislature to develop and operate a port and related facilities serving the western portion of St. Mary Parish. It is the intent of the District to develop a port, harbor facility and industrial area and that a substantial portion of the costs of operations of these facilities be ultimately borne by revenue derived from user charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the West St. Mary Parish Port, Harbor and Terminal District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The Governmental Accounting Standards Board has issued GASB Statement No. 14, establishing criteria for determining the governmental reporting entity and component units which should be included within the reporting entity. The reporting entity includes the governing authority (primary government), which is the component unit with financial accountability and any other governmental entities for which the primary government has financial accountability. Financial accountability is determined on the basis of the following criteria:

1. Financial benefit or burden
2. Appointment of a voting majority
3. Imposition of will
4. Fiscally dependent

Based on the previous criteria, the District has determined that it has no component units.

In accordance with GASB Statement No. 14, the St. Mary Parish Council, City of Franklin, and Town of Baldwin are considered to be related organizations to the District as they appoint members to the board of the District. Financial accountability does not exist between the previously stated entities and the District because they do not impose their will or have a financial benefit or burden relationship with the District.

These financial statements include all funds and account groups of the District, the reporting entity.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

C. FUND ACCOUNTING

The West St. Mary Parish Port, Harbor and Terminal District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Enterprise funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District's Enterprise fund uses the following practices in recording certain revenues and expenses:

Revenues: Lease rentals are recorded when earned. Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when earned.

Expenses: Expenditures are recorded in the period that the liabilities are incurred.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is not employed by the District.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; otherwise, they are classified as cash equivalents.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

G. PREPAID EXPENSES

Payments made to insurance companies for yearly policies that will benefit future periods are recorded as prepaid insurance. At December 31, 2006, the balance of prepaid insurance was recorded as \$6,353.

H. RESTRICTED ASSETS

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. FIXED ASSETS

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Buildings	25 years
Improvements	10 - 25 years
Furniture and equipment	3 - 10 years

J. DEFERRED REVENUE

Revenues collected during the year ended December 31, 2006 that are not available to finance the operations of the current period are reported as deferred revenues and are recognized as operating revenues in the subsequent period.

K. COMPENSATED ABSENCES

Employees earn vacation and sick leave annually at varying rates depending upon length of service. Accrued unused annual leave shall be carried forward to the succeeding calendar years without limitation.

Upon termination, an employee is compensated for accumulated vacation time up to 200 hours, but employees are not compensated for sick time.

The liability related to this accumulated vacation time totaled \$19,866 at December 31, 2006.

L. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

M. FUND EQUITY

Reserves represent those portions of fund equity legally segregated for a specific future use.

N. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates.

O. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2006, the District had cash and cash equivalents (book balances) totaling \$764,332, all of which were demand deposits.

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2006, the District had \$766,414 in deposits (collected bank balances). These deposits are secured from risk by \$105,134 of federal deposit insurance and pledged securities with a market value at December 31, 2006 of \$1,201,064.

NOTE 3 - INVESTMENTS

The District can invest in securities of the United States Government unless such an investment is expressly prohibited by law. The carrying amounts and approximate market values of investments at December 31, 2006 are summarized as follows:

Description	Interest Rate	Market Value/ Carrying Amount	Cost
Louisiana Asset Management Pool	Various	\$ 729,962	\$ 729,962

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 3 – INVESTMENTS (CONTINUED)

Investments in the amount of \$729,962 at December 31, 2006 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or on of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balance.

NOTE 4 - RECEIVABLES

The District records ad valorem taxes and state revenue sharing in the year the tax is due and payable. At December 31, 2006, ad valorem taxes and state revenue sharing receivables were \$418,497 and \$17,126, respectively. Also, lease rentals and water utility revenues are recorded when earned. Lease rentals and water utility revenues receivables at December 31, 2006 totaled \$39,960 and \$572, respectively.

The District recognizes uncollectible amounts on the direct write-off method. Therefore, no reserve for uncollectible accounts is recorded at December 31, 2006. The District believes that uncollectible accounts, if any, are immaterial.

NOTE 5 - AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent after January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives the majority of its taxes in January and February. The tax rate for the year ended December 31, 2006 was 3.87 mills on the dollar of the assessed valuation of all taxable property in the present boundaries of the District.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in general fixed assets:

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Land	\$ 3,833,717	\$ -	\$ -	\$ 3,833,717
Buildings	2,124,397	-	-	2,124,397
Improvements	6,685,650	-	-	6,685,650
Water system	1,490,706	-	-	1,490,706
Furniture and fixtures	46,393	-	-	46,393
Equipment	136,180	-	-	136,180
Subtotal	14,317,043	-	-	14,317,043
Less: accumulated depreciation	(4,579,259)	(402,147)	-	(4,981,406)
Total	<u>\$ 9,737,784</u>	<u>\$ (402,147)</u>	<u>\$ -</u>	<u>\$ 9,335,637</u>

Depreciation expense related to the utilization of fixed assets for the year ended December 31, 2006, was \$402,147.

NOTE 7 - LEASES

The District has available for lease all of its land, buildings, and improvements at the port site.

At December 31, 2006, the minimum future rentals on the District's leases are as follows:

2007	\$ 135,379
2008	18,150
2009	-
2010	-
2011	-
	<u>\$ 153,529</u>

The leasing arrangements vary based on the operations of the tenant and may be either short-term or long-term in nature.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 8 - COMPENSATION OF COMMISSIONERS

The Commissioners of the District received no per diem, salaries, or wages for the year ended December 31, 2006.

NOTE 9 - RETIREMENT PLANS

Employees of the District are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits. Contributions to the Social Security retirement system for the year ended December 31, 2006 totaled \$8,781.

Also, effective January 1, 1998, the District adopted a Simplified Employee Pension plan for all eligible employees. The District has selected the pro rata allocation formula for contributions. Employer contributions made for a plan year on behalf of any participant shall not exceed the lesser of 15% of compensation or the limitation in effect under Code Section 415(c)(1)(A), which was \$30,000 for 2006.

The District contributed 10% of each employee's salary for a total of \$12,326 in 2006.

NOTE 10 - RISK MANAGEMENT

The West St. Mary Parish Port, Harbor and Terminal District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The West St. Mary Port has purchased commercial insurance to protect against loss from substantially all of these perils.

There were no significant reductions in insurance coverages from prior years.

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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Chris E. Bitiski, CPA

Retired:
Conrad D. Chapman, CPA* 2006
Harry J. Clostio, CPA 2007

* A Professional Accounting Corporation

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

WEB SITE:
WWW.KCSRCPAS.COM

Board of Commissioners
West St. Mary Parish Port, Harbor
and Terminal District
Franklin, Louisiana

We have audited the financial statements of the business-type activities of the West St. Mary Parish Port, Harbor and Terminal District as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the West St. Mary Parish Port, Harbor and Terminal District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performed their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West St. Mary Parish Port, Harbor and Terminal District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the District's management, the Louisiana Legislative Auditor, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Franklin, Louisiana
May 25, 2007

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

Summary Schedule of Prior Year Findings
Year Ended December 31, 2006

There were no findings noted in the prior year audit.

WEST ST. MARY PARISH PORT, HARBOR AND TERMINAL DISTRICT

Schedule of Findings and Questioned Costs
Year Ended December 31, 2006

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the District's financial statements as of and for the year ended December 31, 2006.

Reportable Conditions – Financial Statements

There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the year ended December 31, 2006.

Part 2 Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no findings noted.

Part 3 Findings and Questioned Costs Relating to Federal Programs

At December 31, 2006, the District did not meet the requirement to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.